Declining Growth Rates

1636. SHRI MENTAY PADMANABHAM : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the National Council of applied Economic Research study shows a decline or negative growth in both the manufacturing and agricultural sectors to the extent of 1.4 per cent and 2.3 per cent respectively; and

(b) if so, what is the reaction of Government thereto ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) The review of Indian economy for the period of April-September 1992 by the National Council of Applied Economic Research (NCAER) has referred to the quick estimates of the Central Statistical Organisation (CSO), which have indicated negative annual growth rates of agricultural and manufacturing sectors as—1.4 per cent and—2.3 per cent respectively in 1991-92 .

(b) After registering a decline in the crisis year of 1991-92, agricultural and manufacturing output have begun to recover. According to CSO, the growth rates of agricultural and manufacturing output in 1992-93 are expected to be 4.2 and 3.5 per cent respectively.

Negotiations with IMF and World Bank

1637. SHRI MENTAY PADMANABHAM : Will the Minister of FINANCE be pleased to state :

(a) whether any negotiations are underway with the International Monetary Fund and World Bank for extended fund facility; and

(b) if so what is the status of these negotiations ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) and (b) Preliminary discussions for accessing resources under the Extended Fund Facility have been held with the IMF. The next round of discussions are likely to take place towards the end of March 1993.

1638 [*Transferred to 11th March* 1993].

World Bank Report about India's Foreign Exchange Reserves

1639. MISS SAROJ KHAPARDE : Will the Minister of FINANCE be pleased to state :

(a) whether according to a World Bank Report, India's foreign exchange reserves are not sufficient to cope with any serious exogenous shock such as drought related agricultural production shortfalls or adverse developments in the external environment;

(b) if so, what are the details thereof; and

(c) what action Government propose to take in the matter ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) and (b) Yes, Sir. The World Bank has said in its report on 'Stabilizing and Reforming the Economy' dated 18th May, 1992 that India's foreign exchange reserves are still insufficient to cope with such exogenous shock as drought-related agricultural production shortfalls, or adverse developments in the external environment.

(c) The level of foreign exchange reserves is a net result of a number of transactions including imports, exports, remittances, IMF inflows, NRI deposits and External Assistance. As a result of various policy initiatives foreign exchange reserves have improved from a level of US